Government and Members of Parliament on the policies and programmes of the Government and the manner of implementation thereof ?

(d) Yes, Sir.

(e) and (f) No, Sir.

(g) Does not arise.

Placing Orders by NMDC for Supply of Tyres

2872. SHRI GHUFRAN AZAM : Will the Minister of STEEL be pleased to state :

(a) whether the NMDC Limited has placed orders for supply of redial tyres to a Singapore based foreign company at a higher value worth about 70,000 US $ to be supplied FOB basis ex-Singapore Port or any other European ports ;

(b) whether the same company was earlier given orders at a lower value alongwith two foreign companies for trial run ;

(c) whether it is a fact that without completing the trail run mileage this foreign company has bagged orders from NMDC Limited at a higher price due to inclination of the management ;

(d) whether objections were raised by financial experts of the company which were subsequently over ruled by the CMD ; and

(e) if so, the details thereof and whether any investigations would be ordered if not, the reasons therefor?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI SONTOSH MOHAN DEV) : (a) NMDC has reported that it placed orders in October, 1994 on Michiline, Singapore for supply of 28 nos. Redial tyres at US $ 70,000. The unit rate of US $ 2500 per tyre in October, 1994 compares favourably with the unit rate of US $ 2495.13 at which Hindustan Copper Limited (HCL), Malanjkhand placed orders in March, 1993 on the same firm.

(b) NMDC had earlier placed trial orders on Michiline for one set of 6 radial tyres in January, 1992 at a unit rate of US $ 2251.72 and subsequently in August, 1993 on three foreign companies including Michiline for supply of one set of 6 nos. radial tyres. In the trial order placed in August, 1993, Michiline offered for trial purposes a special unit rate of US $ 2196.72 per tyre.

(c) No, Sir. The order was released on Michiline, Singapore after successful trial run of one set of 6 tyres received against the earlier trial order of January, 1992.

(d) The observations of the Finance Department as well as recommendations of the Technical Selection Committee (TSC) and the Production Department were considered by the competent authority before granting approval to the purchase proposal.

(e) Does not arise since the purchase decision is reported to be in conformity with past practice and the prescribed purchase procedures have been followed by the company.

Production Cost of Steel

2873. SHRI PARMESHWAR KUMAR AGARWALLA : Will the Minister of STEEL be pleased to state :

(a) whether it is a fact that the cost of basic raw materials per tonne of steel in India has been amongst the lowest in the world ;

(b) if so, the comparative details thereof ;

(c) whether it is also a fact that the total cost of production of steel in India is high ;

(d) the cost demands which have been contributing to the high cost of Indian Steels, the reasons therefor and the details thereof ;

(e) whether any comparative study been made on the element-wise cost of production of steel in India and abroad; and

(f) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI SONTOSH MOHAN DEV) : (a) and (b) India has one of the lowest cost of iron ore per tonne of finished steel. The advantage in iron ore costs is largely offset by higher cost of coking coal per tonne of finished steel due to the poor quality of indigenous coking coal leading to high consumption.

(c) and (d) Higher input prices, poor quality of raw material, technological obsolescence coupled with outdated operational practices and higher incidence of taxes and levies are some of the main reasons for high cost of production of steel in India.

(e) and (f) In the absence of any authentic information on the cost of production of steel in other countries, it is not possible to compare the cost of production of steel in India with cost of production of steel in other countries.

Escalation in Sail Plants

2874. SHRI PARMESHWAR KUMAR AGARWALLA : Will the Minister of STEEL be pleased to state :

(a) the extent of project delays and cost escalations in SAIL plants for modernisa-

tion, expansion, etc., during the last three years or so, with reasons therefor;

(b) impact of delays and cost over runs on steel plants, by way of loss in production and profitability;

(c) whether any study/investigation has been made to find out the specific reasons for such delays and cost over runs; if so, the findings thereof and if not, the reasons therefor; and

(d) the steps taken by Government to minimise the project delays and the present state of various modernisation/expansion projects of SAIL, giving the original costs and targetted dates of completion of projects subsequent revision and reasons therefor?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI SONTOSH MOHAN DEV): (a) The details of the modernisation projects are as follows:

(Rs. in Crores)

Project	State	Original Sanctioned Schedule / Actual or Likely Completion	Total Time Over run	Original Sanctioned cost/ (Revised) Completion or likely cost	Total Cost Over run
Modernisation of Durgapur Steel Plant (DSP)	Ongoing	March 1993 / June 1995	2 Years 3 months	2667.6 / 4494.87	1827

(Rs. in Crores)

Project	State	Original Sanctioned Schedule / Actual or Likely Completion	Actual Time Over run	Original Sanctioned cost/ (Revised) Completion or likely cost	Total Cost Over run
Modernisation of Rourkela Steel Plant (RSP)	Ongoing	December 1995 / June 1996	8 months	2461 / 3954	1493
Modernisation of Bokaro Steel Plant (BSL) (Stage-I)	Ongoing	July 1997		1625.79 / 1792.90	167.11

There are no separate expansion projects which have been delayed during this period.

The modernisation projects of DSP and RSP have been delayed on account of various reasons, viz.:—

(i) delay in supply of plant and equipment by vendors;

(ii) inadequate site resource mobilisation by contracting agencies; and

(iii) increase in volume/quantum of work, etc.

The increase in the cost of modernisation projects has been primarily on account of monetary reasons, viz.:—

(i) Price escalation.

(ii) changes in foreign exchange parity.

(iii) statutory taxes and duties.

(iv) rate of interest, etc.

There has been only a marginal increase in the project cost due to physical reasons like change in volume/scope of work, additional items, etc.

(b) The delays have affected capacity creation as per schedule and consequently the profitability. However, it is difficult to attribute loss in production and profitability in the steel plants only to delays in implementation of modernisation projects as there are various other factors which are also responsible such as poor quality/quantity of raw materials, power shortage, etc.

(c) The reasons for time and cost over runs as indicate in answer to Part (a) of the question are being reviewed from time to time during the project execution including the Annual Plan discussions. Also detailed analyses are carried out while preparing the Revised Cost Estimates (RCE). These delays are also being taken into consideration by Government while according approval to these estimates.

(d) The steps taken to minimise the delays in the implementation of modernisation projects indicated in Part (a) of the answer are :

(i) The Project Organisation at the Plant and Corporate levels has been strengthened and Integrated Project Management Teams have been set up at the Plants under the respective Project Heads with adequate financial and administrative powers.

(ii) Earlier, Empowered Committees of Secretaries were set up for Durgapur and Rourkela Steel Plant modernisation projects to expedite indigenous clearances, project imports, release of foreign exchange, etc.

(iii) Package-wise implementation based on turnkey concept has been adopted.

(iv) All efforts have been made by the Project Authorities to ensure coordination and supervision at different levels.

(v) Progress of work is being critically reviewed at regular intervals by the Plants/SAIL/Ministry with contractors/suppliers/consultants.

(vi) All activities pertaining to site, supply of equipment etc. are being monitored through the Network techniques wherein re-scheduling of various site activities is made possible to suit the site status.

(vii) Necessary financial assistance is given to the construction agencies, from time to time, in the interest of achieving faster progress in implementation.

Iron and Steel Mission

2875. SHRI PARMESHWAR KUMAR AGARWALLA : Will the Minister of STEEL be pleased to state :

(a) the current constitution and functions of the Iron and Steel Mission and its specific contributions towards the achievement of targets of technological inputs, production, etc. ;

(b) the deliberations of the Mission during the last three years ;

(c) whether the mission identified any constraints in the development of the steel sector in the liberalised regime, and for making the Indian steel sector globally competitive ; and

(d) if so, the details thereof and the action taken by Government in this regard ?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI SONTOSH MOHAN DEV) : (a) to (d) In accordance with the recommendations of Science Advisory Committee of the Ministry of Steel given in its 6th meeting held on 23-1-1987, the Iron & Steel Mission (known as National Mission for Iron & Steel) was constituted. The Mission is being managed by Mission Management Board having representatives from different steel plants of SAIL, RINL, TISCO and also representatives from secondary steel producers with secretarial assistance being provided by a Member Secretary and a small secretarial staff at Ranchi.

The objective of the Mission is to contribute towards achieving technological performance of Indian Steel Industry equivalent to the best achieved elsewhere in stages by the end of the century through providing science and technology inputs on :—

(i) Basic research ;

(ii) Forward looking projects ; and

(iii) Technology demonstration in emerging areas.

The output of these efforts will complement the in-house R&D and plant modernisation efforts of the public and private sector steel companies.

The Mission had identified the following areas of research and development as a major thrust :—

(i) Upgradation of quality of raw materials & other key inputs.

(ii) Appropriate technologies to improve production and quality of iron and steel and ferro alloys.

(iii) Development of relevant technologies for steel making.

(iv) Development of relevant steel castings finishing technologies.

(v) Development of new special steel products.

Based on the above objectives, the mission had completed so far the following projects for the use by Iron & Steel industry in the country :—

— RAPSOL Project at BHU.

— Beneficiation of finely crushed coal by heavy medium cyclone cum oil agglomeration technique Phase-I (CFRI).

— Process development for conversion on non-coking coal/lignites/washery middlings to a coking agent by